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Message Text

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46
ACTION AF-06

INFO OCT-01 EUR-12 EA-07 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 INT-05 GSA-01 NSC-05 SS-15 STR-04

CEA-01 PRS-01 PA-01 L-03 H-02 /100 W
---------- 100541
O P 221506Z JAN 76
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC IMMEDIATE 6157
INFO AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY PARIS PRIORITY
AMEMBASSY TOKYO PRIORITY
AMCONSUL JOHANNESBURG PRIORITY

C O N F I D E N T I A L KINSHASA 612

PASS COMMERCE, EXIM, OPIC, TREASURY

E.O. 11652: GDS
TAGS: EFIN, EINV, EMIN, CG
SUBJECT: SMTF INFORMS GOZ OF FUTURE PLANS

1. REPRESENTATIVES OF ALL EQUITY PARTICIPANTS IN SMTF COPPER PROJECT ARRIVED IN KINSAHSA JANUARY 18 AND 19 IN ORDER TO INFORM HIGH-LEVEL GOZ OFFICIALS THAT EFFORTS TO FINANCE APPROXIMATELY $250 MILLION COST OVERRUN HAD BEEN UNSUCCESSFUL. THEREFORE STEPS WERE TO BE TAKEN BEGINNING IN NEXT SEVERAL DAYS TO TERMINATE ALL EMPLOYEES EXCEPT SMALL MAINTENCE STAFF. HOWEVER, THEY REMAIN READY TO PROCEED WITH THE PROJECT SHOULD NECESSARY FIANANCING BE OBTAINED. REPS HAD SEPARATE MEETINGS WITH BRITISH AND AMERICAN ABMBASSADORS AND OTHER EMBASSY OFFICIALS ON JANUARY 19 TO DISCUSS TACTICS OF PRESENTATION TO GOZ
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FOFFICALS. JANUARY 20 REPS MET WITH TOP MEMBERS OF

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STABILIZATION COMMITTEE, INCLUDING PRESIDENCY DIRECTOR
BISENGIMANA, FINANCE MINISTER BOFOSSA, CENTRAL BANK
GOVERNOR SAMBWA,AND PORTEFEUILLE (PARASTATAL CORPORATION)
COMMISSIONER MAMBU. ON JANUARY 21 REPS MET WITH PRESIDENT
MOBUTU.

2. REACTION OF ALL GOZ OFFICIALS, INCLUDING PRESIDENT
MOBUTU, TO THE BAD NEWS WAS ABOUT AS CONSTRUCTIVE AS ONE
COULD HOPE. BISENGIMANA STATED THAT IT WAS NOW THE TIME
FOR THE GOZ TO ATTEMPT TO OBTAIN THE OUTSTANDING
FINANCING. PRESIDENT MOBUTU REPEATED THIS THEME AND
EMPHASIZED THAT IT WAS CRUCIAL TO BOTH THE EQUITY REPS AND
THE GOZ THAT THE ACTION TO LAY OFF WORKERS NOT BE CON-
SIDERED A HALT OF THE PROJECT BUT RATHER A SLOW-DOWN
UNTIL THE NECESSARY FIANCING COULD BE OBTAINED. THE
AMBASSADOR SAW MOBUTU AFTER HE HAD MET WITH SMTF REPS,
AND AGAIN THE PRESEIDENT'S REACTION WAS REMARKABLY CALM
MOBUTU SEEMED TO UNDERSTAND THAT THE PARTNERS HAD DONE
ALL THEY COULD AND THAT THE CHALLENGE WAS TO FIND WAYS
TO KEEP THE PROJECT ALIVE.

3. COMMENT: ALTHOUGH THE REACTION OF THE GOZ WAS ALMOST
BETTER THAN ONE COULD WISH, THIS COULD RAPIDLY CHANGE
IF THERE SHOULD BE LOCAL DISTRURBANCES RESULTING FROM
THE DISMISSAL OF APPROXIMATELY 6,000ZAIRIAN WORKERS
IN AN AREA WHERE THERE IS NO OTHER SOURCE
OF EMPLOYMENT. IN THIS REGARD, GOZ OFFICIALS AT ALL LEVELS,
INCLUDING MOBUTU,PROMISED TO COOPERATE CLOSELY WITH SMTF DURING
THE DIFFICULT DAYS AHEAD. ALL IN ALL, THE GOZ HAS
OBVIOUSLY TRIED TO BUCK UP THE SMTF PARTNERS--WHICH
IS A SWITCH FROM WHAT WE EXPECTED. HOWEVER, WE WONDER
IF GOZ OFFICIALS ARE REALLY AWARE OF THE ENORMOUS
DIFFICULTY WHICH WILL BE REQUIRED TO RAISE THE NECESSARY
FIANCING TO CONTINUE THE PROJECT. SHOULD THEY BE
UNSUCCESSFUL THE TEMPTATION TO PLACE THE BLAME ON THE
EQUITY PARTNERS AND/OR USG FOR THE HALTING OFTHE PROJECT WILL
RE-EMERGE. CUTLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPENDITURES, FINANCE, SMTF COPPER PROJECT, CLOSURE OF OFFICES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINSHA00612
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760024-0771
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760132/aaaabbwj.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by KelleyW0>; APPROVED <29 JUL 2004 by ShawDG>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SMTF INFORMS GOZ OF FUTURE PLANS
TAGS: EFIN, EINV, EMIN, CG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006